

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

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E.O. 11652: N/A

TAGS: ETRN, MY

SUBJECT: CIVAIR: PAN AM SERVICE

REF: KUALA LUMPUR 4578

1. DEPARTMENT ASSUMES INTENDED PURPOSE OF PROVIDING MALAYSIANS WITH PROJECTED PAN AM LOAD FACTORS, NAMES PRINCIPAL CUSTOMERS, AND FORECASTS CARGO TRAFFIC IS ATTEMPT DEMONSTRATE SECOND PAN AM CARGO FREQUENCY WILL NOT BE COMPETITIVE WITH MALAYSIAN AIRLINES. WHILE NEITHER DEPARTMENT NOR PAN AM OBJECT TO ANY DEVICE WHICH WILL OBTAIN APPROVAL OF SECOND FREQUENCY, WE QUESTION WHETHER SUBMISSION ABOVE DATA IS DESIRABLE OR NECESSARY FOR FOLLOWING REASONS:

A. WE DO NOT REGARD THAT AIRLINES ARE REQUIRED JUSTIFY THEIR PROPOSED SCHEDULES UNDER AIR TRANSPORT AGREEMENT.

B. IF PAN AM SERVICE IS NOT SERIOUSLY COMPETITIVE WITH MALAYSIAN AIRLINES, WHICH WE BELIEVE IS CASE, DATA INVOLVED IS IRRELEVANT-

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C. IF, ON OTHER HAND, MALAYSIAN AIRLINE CAN COMPETE

FOR SOME OF TRAFFIC (SUCH AS ON OTHER ROUTINGS, WHICH IS NOT IMPOSSIBLE), PAN AM DATA COULD BE COMMERCIALY VALUABLE IF IT CAME INTO HANDS OF MALAYSIAN AIRLINES, WHICH WE ASSUME IT WOULD. IN PARTICULAR NAMES OF PAN AM PRINCIPAL SUPPLIERS SHOULD NOT BE FURNISHED.

D. NORMALLY, JUSTIFICATION FOR ADDITIONAL FREQUENCIES IS THAT LOAD FACTORS ARE HIGH AND ADDITIONAL CAPACITY IS NEEDED. IF PAN AM DATA DEMONSTRATED THIS, GOM MIGHT BE CONCERNED OF ADVERSE EFFECT ON MALAYSIAN AIRLINES. ON OTHER HAND, IF DATA SHOW LITTLE APPARENT NEED FOR ADDITIONAL CAPACITY, GOM MIGHT REFUSE ON THIS GROUND. IN FACT, PAN AM WOULD PROBABLY NOT OPERATE ANY CARGO SERVICE TO KL IF IT HAD TO RELY ONLY ON TRAFFIC LOADED ON UNLOADED AT KL. SERVICE IS ECONOMICAL BECAUSE IT ALSO CARRIES ON BOARD TRAFFIC BETWEEN OTHER POINTS AND ADDED COST OF STOPPING AT KL IS RECOUPED BY EVEN MINIMAL TRAFFIC LOADING OR UNLOADING AT KL. PAN AM ESTIMATES THAT WITH TWO WEEKLY FLIGHTS IT LIKELY ENPLANE 1,000 KILOS AND DEPLANE 3,000 KILOS PER FLIGHT AT KL.

2. WE SUGGEST THEREFORE THAT EMBASSY NOT PROVIDE SPECIFIC DATA BUT REPEAT POINTS ALREADY MADE.

3. FYI. IT WILL PROBABLY BE IMPOSSIBLE FOR US TO FIELD A NEGOTIATING TEAM IN KUALA LUMPUR THIS YEAR. WE ARE CONSIDERING US MAKING A COUNTER PROPOSAL FOR TALKS EARLY NEXT YEAR. END FYI. KISSINGER

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